

**Part of the Financial
Statements
translated from the
Hebrew original**

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2017

UNAUDITED

Please find attached an extract English translation of the Hebrew version of the interim consolidated financial statements of Direct Insurance Financial Investments Ltd. which were approved on August 31, 2017.

The full set of financial statements in Hebrew can be viewed on the website of the Israeli Securities Authority (<http://www.magna.isa.gov.il>).

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2017

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AUDITORS' REPORT

To the Shareholders of

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.

Introduction

We have reviewed the accompanying financial information of DIRECT INSURANCE FINANCIAL INVESTMENTS LTD. and its subsidiaries (hereunder - the Group) which comprise the condensed consolidated statements of financial position as of June 30, 2017, and the related condensed interim consolidated statements of profit or loss and other comprehensive income (loss), changes in equity and cash flows for the six and three months then ended. The Company's Board of Directors and Management are responsible for the preparation and presentation of interim financial information for this period in accordance with IAS 34, "Interim Financial Reporting" and in accordance with the disclosure requirements as prescribed by the Supervisor of Insurance Business pursuant to the Supervision of Financial Services (Insurance) Law, 1981, and are also responsible for the preparation of financial information for this interim period in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, to the extent that these regulations apply to a corporation that unifies insurance companies. Our responsibility is to express a conclusion regarding the financial information for this interim period, based on our review.

We did not review the condensed interim financial information of consolidated subsidiaries whose assets constitute about 22.5% of the total consolidated assets as at June 30, 2017, and whose revenues constitute about 4.9% and about 4.7% of the total consolidated revenues for the six and three months period then ended. The condensed interim financial information of those companies was reviewed by other auditors whose review reports were furnished to us, and our opinion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of the other auditors.

Scope of review

We conducted our review in accordance with Review Standard 1 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 and in accordance with the disclosure requirements as prescribed by the Supervisor of Insurance Business pursuant to the Supervision of Financial Services (Insurance) Law, 1981,

In addition to the abovementioned, based on our review and on the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970, to the extent that these regulations apply to a corporation that unifies insurance companies.

Without qualifying our above conclusion, we draw attention to Note 5 to the financial statements regarding exposure to class actions and the approval of claims as class actions of a subsidiaries.

Tel-Aviv,
August 31, 2017

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>June 30,</u>		<u>December 31,</u>
	<u>2017</u>	<u>2016</u>	<u>2016</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>NIS in thousands</u>		
CURRENT ASSETS			
Cash and cash equivalents	831,096	547,207	1,132,635
Cash and cash equivalents for yield-dependent contracts	7,498	22,107	10,740
Financial assets	976,574	792,346	1,009,628
Derivatives	13,169	1,018	3,065
Outstanding insurance premiums	537,577	445,739	454,819
Debtors and receivables	158,571	120,790	142,034
Deposits	15,840	575,980	206,836
Current taxes receivable	67,068	31,844	53,626
Reinsurance assets	42,054	38,493	49,118
Deferred acquisition costs	99,605	91,531	84,530
	<u>2,749,052</u>	<u>2,667,055</u>	<u>3,147,031</u>
Assets designated for sale	<u>747,655</u>	<u>570,893</u>	<u>791,809</u>
	<u>3,496,707</u>	<u>3,237,948</u>	<u>3,938,840</u>
NON-CURRENT ASSETS			
Financial assets	2,290,173	1,933,865	1,745,676
Derivatives	14,378	-	7,781
Reinsurance assets	152,226	165,312	123,437
Debtors	71,599	48,780	59,523
Deposits	87,868	37,762	44,447
Deferred acquisition costs	187,779	164,934	178,298
Investment property and investment property under construction	3,603,775	3,612,011	3,621,637
Fixed assets	149,684	144,169	147,534
Goodwill and intangible assets	214,321	176,343	191,908
Deferred taxes	1,351	2,439	2,458
	<u>6,773,154</u>	<u>6,285,615</u>	<u>6,122,699</u>
	<u>10,269,861</u>	<u>9,523,563</u>	<u>10,061,539</u>

DIRECT INSURANCE FINANCIAL INVESTMENTS LTD.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30,		December 31,
	2017	2016	2016
	Unaudited		Audited
	NIS in thousands		
CURRENT LIABILITIES			
Financial liabilities	1,159,249	1,189,675	1,222,215
Creditors and payables	379,977	326,657	435,049
Current taxes payable	16,411	8,265	12,840
Derivatives	16,186	34,132	24,267
Liabilities for borrowing of securities	-	551,225	183,126
Liabilities for insurance contracts and investment contracts	991,694	850,460	1,017,491
	2,563,517	2,960,414	2,894,988
NON-CURRENT LIABILITIES			
Financial liabilities	3,878,979	2,929,662	3,620,295
Liabilities for employee benefits, net	19,864	16,302	17,911
Creditors and payables	33,185	16,521	25,424
Liabilities for insurance contracts and investment contracts	2,139,138	2,006,351	1,904,989
Derivatives	20,778	56,533	26,671
Deferred taxes	171,222	209,789	220,263
	6,263,166	5,235,158	5,815,553
EQUITY			
Share capital	77,715	77,715	77,715
Share premium	180,848	180,848	180,848
Reserves	(111,022)	(92,786)	(104,928)
Retained earnings	733,574	699,773	689,682
Treasury shares	(249,733)	(249,733)	(249,733)
Total equity attributed to the Company's shareholders	631,382	615,817	593,584
Non-controlling interests	811,796	712,174	757,414
Total equity	1,443,178	1,327,991	1,350,998
	10,269,861	9,523,563	10,061,539

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (LOSS)**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2017	2016	2017	2016	2016
	Unaudited				Audited
	NIS in thousands				
INCOME					
Premiums earned on retention	1,035,625	921,104	529,754	470,014	1,924,712
Income from lease of properties	105,566	107,635	53,713	54,689	215,302
Increase in value of investment property and properties under construction, net	2,674	4,169	2,674	4,043	22,437
Net gains on investments and other finance income	45,061	23,767	22,766	27,752	88,152
Income from management fees	3,125	3,312	1,552	1,617	6,513
Income from grant of consumer credit	190,401	131,728	102,568	66,311	294,613
Income from reinsurance commissions	8,783	8,963	3,968	3,816	17,604
Company's share in losses of affiliate	(333)	(333)	(333)	(333)	(1,333)
Other income	169	178	134	140	208
Total income	<u>1,391,071</u>	<u>1,200,523</u>	<u>716,796</u>	<u>628,049</u>	<u>2,568,208</u>
EXPENSES					
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	725,873	705,179	368,979	376,166	1,467,224
Marketing and other acquisition expenses	212,973	181,322	110,145	94,247	383,582
Maintenance, general and administrative expenses	163,642	127,109	81,712	63,641	267,288
Financial expenses	102,259	80,373	55,357	47,036	193,503
Other expenses	329	296	248	167	892
Total expenses	<u>1,205,076</u>	<u>1,094,279</u>	<u>616,441</u>	<u>581,257</u>	<u>2,312,489</u>
Income before taxes on income	185,995	106,244	100,355	46,792	255,719
Taxes on income	29,162	53,899	40,289	19,833	118,882
Net income	<u>156,833</u>	<u>52,345</u>	<u>60,066</u>	<u>26,959</u>	<u>136,837</u>
Other comprehensive income (loss) (after the tax effect):					
Amounts that will be reclassified to profit or loss:					
Profit (loss) from cash flow hedging transactions	6,556	(18,717)	3,731	(4,314)	(7,809)
Adjustments resulting from translation of financial statements of activities abroad	(16,615)	19,437	4,120	5,783	(13,260)
Amounts that will not be reclassified to profit or loss:					
Loss from remeasurement in respect of defined benefit plans	-	-	-	-	(737)
Total other comprehensive income (loss)	<u>(10,059)</u>	<u>720</u>	<u>7,851</u>	<u>1,469</u>	<u>(21,806)</u>
Total comprehensive income	<u>146,774</u>	<u>53,065</u>	<u>67,917</u>	<u>28,428</u>	<u>115,031</u>

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (LOSS)**

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2017	2016	2017	2016	2016
	Unaudited				Audited
	NIS in thousands (except for net earnings per share data)				
Net income attributable to:					
Shareholders of the Company	73,892	20,809	25,043	10,486	45,718
Non-controlling interests	82,941	31,536	35,023	16,473	91,119
	<u>156,833</u>	<u>52,345</u>	<u>60,066</u>	<u>26,959</u>	<u>136,837</u>
Total comprehensive income attributable to:					
Shareholders of the Company	67,466	23,324	28,572	12,006	35,453
Non-controlling interests	79,308	29,741	39,345	16,422	79,578
	<u>146,774</u>	<u>53,065</u>	<u>67,917</u>	<u>28,428</u>	<u>115,031</u>
Net earnings per share attributable to shareholders of the Company (in NIS):					
Basic net earnings	<u>1.50</u>	<u>0.42</u>	<u>0.51</u>	<u>0.21</u>	<u>0.93</u>
Diluted net earnings	<u>1.49</u>	<u>0.42</u>	<u>0.50</u>	<u>0.21</u>	<u>0.92</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<u>Attributable to equity holders of the Company</u>						<u>Non- controlling interests</u>	<u>Total equity</u>
	<u>Share capital</u>	<u>Share premium</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Treasury shares</u>	<u>Total</u>		
	<u>NIS in thousands</u>							
<u>Balance at January 1, 2017</u> (Audited)	77,715	180,848	(104,928)	689,682	(249,733)	593,584	757,414	1,350,998
Net income	-	-	-	73,892	-	73,892	82,941	156,833
Total other comprehensive loss	-	-	(6,426)	-	-	(6,426)	(3,633)	(10,059)
Total comprehensive income (loss)	-	-	(6,426)	73,892	-	67,466	79,308	146,774
Cost of share-based payment	-	-	332	-	-	332	4,684	5,016
Dividend to Company's shareholders	-	-	-	(30,000)	-	(30,000)	-	(30,000)
Dividend to holders of non- controlling interests	-	-	-	-	-	-	(29,610)	(29,610)
<u>Balance at June 30, 2017</u> (Unaudited)	<u>77,715</u>	<u>180,848</u>	<u>(111,022)</u>	<u>733,574</u>	<u>(249,733)</u>	<u>631,382</u>	<u>811,796</u>	<u>1,443,178</u>
	<u>Attributable to equity holders of the Company</u>							
	<u>Share capital</u>	<u>Share premium</u>	<u>Reserves</u>	<u>Retained earnings</u>	<u>Treasury shares</u>	<u>Total</u>	<u>Non- controlling interests</u>	<u>Total equity</u>
	<u>NIS in thousands</u>							
<u>Balance at January 1, 2016</u> (Audited)	77,715	180,848	(95,939)	730,868	(249,733)	643,759	738,723	1,382,482
Net income	-	-	-	20,809	-	20,809	31,536	52,345
Total other comprehensive income (loss)	-	-	2,515	-	-	2,515	(1,795)	720
Total comprehensive income	-	-	2,515	20,809	-	23,324	29,741	53,065
Realization of options to shares in subsidiaries by non-controlling interest holders and acquisition of shares by subsidiary	-	-	-	(1,904)	-	(1,904)	191	(1,713)
Cost of share-based payment	-	-	638	-	-	638	1,913	2,551
Dividend to Company shareholders	-	-	-	(50,000)	-	(50,000)	-	(50,000)
Dividend to holders of non- controlling interests	-	-	-	-	-	-	(58,394)	(58,394)
<u>Balance at June 30, 2016</u> (Unaudited)	<u>77,715</u>	<u>180,848</u>	<u>(92,786)</u>	<u>699,773</u>	<u>(249,733)</u>	<u>615,817</u>	<u>712,174</u>	<u>1,327,991</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Treasury shares	Total		
	NIS in thousands							
Balance at April 1, 2017 (Unaudited)	77,715	180,848	(114,717)	708,531	(249,733)	602,644	770,907	1,373,551
Net income	-	-	-	25,043	-	25,043	35,023	60,066
Total other comprehensive income	-	-	3,529	-	-	3,529	4,322	7,851
Total comprehensive income	-	-	3,529	25,043	-	28,572	39,345	67,917
Cost of share-based payment	-	-	166	-	-	166	1,544	1,710
Balance at June 30, 2017 (Unaudited)	<u>77,715</u>	<u>180,848</u>	<u>(111,022)</u>	<u>733,574</u>	<u>(249,733)</u>	<u>631,382</u>	<u>811,796</u>	<u>1,443,178</u>

	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Treasury shares	Total		
	NIS in thousands							
Balance at April 1, 2016 (Unaudited)	77,715	180,848	(94,625)	690,130	(249,733)	604,335	694,000	1,298,335
Net income	-	-	-	10,486	-	10,486	16,473	26,959
Total other comprehensive income (loss)	-	-	1,520	-	-	1,520	(51)	1,469
Total comprehensive income	-	-	1,520	10,486	-	12,006	16,422	28,428
Realization of options to shares in subsidiaries by non-controlling interest holders	-	-	-	(843)	-	(843)	1,089	246
Cost of share-based payment	-	-	319	-	-	319	663	982
Balance at June 30, 2016 (Unaudited)	<u>77,715</u>	<u>180,848</u>	<u>(92,786)</u>	<u>699,773</u>	<u>(249,733)</u>	<u>615,817</u>	<u>712,174</u>	<u>1,327,991</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Reserves	Retained earnings	Treasury shares			
	NIS in thousands							
Balance at January 1, 2016 (Audited)	77,715	180,848	(95,939)	730,868	(249,733)	643,759	738,723	1,382,482
Net income	-	-	-	45,718	-	45,718	91,119	136,837
Total other comprehensive loss	-	-	(10,265)	-	-	(10,265)	(11,541)	(21,806)
Total comprehensive income (loss)	-	-	(10,265)	45,718	-	35,453	79,578	115,031
Realization of options to shares in subsidiaries by non-controlling interest holders and acquisition of shares by subsidiary	-	-	-	(1,904)	-	(1,904)	191	(1,713)
Cost of share-based payment	-	-	1,276	-	-	1,276	3,509	4,785
Dividend to Company's shareholders	-	-	-	(85,000)	-	(85,000)	-	(85,000)
Dividend to holders of non-controlling interests	-	-	-	-	-	-	(64,587)	(64,587)
Balance at December 31, 2016 (Audited)	<u>77,715</u>	<u>180,848</u>	<u>(104,928)</u>	<u>689,682</u>	<u>(249,733)</u>	<u>593,584</u>	<u>757,414</u>	<u>1,350,998</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2017	2016	2017	2016	2016
	Unaudited				Audited
	NIS in thousands				
CASH FLOWS PROVIDED BY (USED IN) CURRENT ACTIVITIES (App. A)	(176,908)	430,302	(99,953)	200,263	363,014
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Settlement (grant) of deposits	(37,550)	(2,402)	(30,820)	(656)	47,800
Acquisition of fixed assets	(12,649)	(9,530)	(9,416)	(6,664)	(23,982)
Acquisition of investment property and investment property under construction	(64,084)	(57,176)	(36,148)	(31,556)	(139,283)
Interest paid and capitalized to cost of investment property under construction	(1,955)	-	(1,130)	-	(985)
Investment in intangible assets	(29,667)	(28,114)	(9,450)	(14,596)	(57,712)
Cash deducted due to acquisition in the framework of business combination	(6,000)	-	(6,000)	-	-
Proceeds from sale of fixed assets	2,465	2,702	2,102	2,099	4,184
Proceeds from sale of investment property and investment property under construction	-	18,347	-	-	27,510
Investment in affiliates, net	(333)	(333)	(333)	(333)	(1,333)
Proceeds (payment) in respect of settlement of hedging transactions	7,053	(1,982)	5,486	(782)	4,851
Payment for acquisition of hedging transactions	(1,292)	-	(1,292)	-	(2,291)
Net cash used in investment activities	(144,012)	(78,488)	(87,001)	(52,488)	(141,241)
CASH FLOWS FROM FINANCE ACTIVITIES					
Settlement of CPI hedging transactions	(5,709)	-	-	-	(13,360)
Proceeds from the realization of options to subsidiary's shares	-	304	-	246	304
Buy back of shares in subsidiary	-	(2,142)	-	-	(2,142)
Issue of bonds and subordinated deeds	517,799	-	170,925	-	1,199,057
Settlement of bonds and subordinated deeds	(198,723)	(240,573)	(132,475)	(174,124)	(648,656)
Receipt of loans from banking institutions and others	58,631	40,500	34,404	-	80,918
Settlements of loans from banking institutions and others	(290,610)	(103,796)	(40,921)	(58,085)	(180,802)
Dividend paid to non-controlling interest holders	(35,803)	(58,394)	(3,846)	(50,702)	(58,394)
Dividend paid to shareholders of the Company	(30,000)	(50,000)	-	(50,000)	(85,000)
Change in short term credit from banking institutions, net	(764)	-	-	-	764
Net cash provided by (used in) finance activities	14,821	(414,101)	28,087	(332,665)	292,689
Exchange rate differences in respect of balances of cash and cash equivalents	1,318	1,525	1,802	344	(1,163)
Decrease in cash and cash equivalents	(304,781)	(60,762)	(157,065)	(184,546)	513,299
Balance of cash and cash equivalents as at the beginning of the period (App. B)	1,143,375	630,076	995,659	753,860	630,076
Balance of cash and cash equivalents as at the end of the period (App. C)	838,594	569,314	838,594	569,314	1,143,375

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2017	2016	2017	2016	2016
	Unaudited				Audited
	NIS in thousands				
APPENDIX A - CASH FLOWS FROM CURRENT ACTIVITIES					
Net income	156,833	52,345	60,066	26,959	136,837
<u>Adjustments to the profit and loss items</u>					
Net losses (profits) from financial investments for yield- dependent insurance contracts and investment contracts	(3,388)	550	(2,055)	(2,647)	(8,882)
Net profits from other financial investments	(135,748)	(92,414)	(70,035)	(60,673)	(210,604)
Finance expenses in respect of financial and other liabilities	102,259	80,373	55,357	47,036	193,503
Net investment losses (income) and other finance expenses (income)	(6,381)	6,171	(501)	(735)	(14,282)
Increase in value of investment property and real estate under construction, net	(2,674)	(4,169)	(2,674)	(4,043)	(22,437)
Loss from sale of fixed assets, net	329	217	248	88	814
Depreciation and amortization	27,023	24,412	14,324	12,286	49,758
Change in liabilities in respect of insurance contracts and investment contracts	208,352	279,360	73,862	130,357	345,029
Cost of share-based payment	5,016	2,551	1,710	982	4,785
Change in reinsurance assets	(21,725)	(39,458)	(9,064)	(39,983)	(8,208)
Change in deferred acquisition costs	(24,556)	(27,185)	(4,900)	(7,282)	(33,548)
Company's share in losses of affiliate	333	333	333	333	1,333
Taxes on income	29,162	53,899	40,289	19,833	118,882
<u>Other financial investments</u>					
Sales of financial investments for yield dependent insurance contracts and investment contracts	6,003	9,113	3,043	2,522	2,189
Net sales (acquisitions) of other financial investments	(406,798)	11,419	(130,236)	(157,032)	(149,222)
Acquisition of investment property and improvements in asset in insurance company subsidiary	(808)	(259)	(656)	(259)	(474)
Changes in other assets and liabilities items:					
Short-term credit , net from banking institutions in respect of consumer credit grant activity	136,843	377,523	(77,509)	297,130	323,476
Change in liability in respect of borrowing securities	(183,126)	551,225	(64,076)	551,225	183,126
Change in deposits used as guarantee for borrowing securities transactions, net	184,730	(557,143)	62,728	(557,143)	(187,709)
Buy back of shares in subsidiary	-	(6,600)	-	-	(6,600)
Outstanding insurance premiums	(82,758)	(81,274)	(23,033)	(10,562)	(90,354)
Debtors and receivables	(60,845)	(26,758)	(30,416)	(292)	(102,955)
Creditors and payables	(34,530)	(47,741)	36,499	(3,787)	51,399
Liabilities for employee benefits, net	1,953	(781)	1,023	(64)	(292)
Total adjustments required to present cash flows from current activities	(104,501)	565,709	(65,673)	244,249	575,564
Cash paid and received during the period for:					
Interest paid	(93,289)	(81,717)	(45,123)	(39,437)	(168,918)
Interest received	98,146	60,601	52,835	32,494	133,160
Taxes paid	(83,176)	(124,625)	(43,643)	(40,380)	(190,266)
Taxes received	1,856	6,666	64	2,366	6,666
Dividend received	4,056	3,668	1,587	971	6,808
Total cash flows provided by (used in) current activities	(176,908)	430,302	(99,953)	200,263	363,014

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2017	2016	2017	2016	2016
	Unaudited				Audited
	NIS in thousands				
APPENDIX B - CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD					
Cash and cash equivalents for yield-dependent contracts	10,740	15,519	9,235	21,661	15,519
Other cash and cash equivalents	1,132,635	614,557	986,424	732,199	614,557
Balance of cash and cash equivalents at beginning of period	1,143,375	630,076	995,659	753,860	630,076
APPENDIX C - CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD					
Cash and cash equivalents for yield-dependent contracts	7,498	22,107	7,498	22,107	10,740
Other cash and cash equivalents	831,096	547,207	831,096	547,207	1,132,635
Balance of cash and cash equivalents as at the end of the period	838,594	569,314	838,594	569,314	1,143,375
APPENDIX D - SIGNIFICANT NON-CASH TRANSACTIONS					
Acquisition of fixed assets, investment property and investment property under construction against creditors and payables	30,326	26,735	30,326	26,735	40,337
Dividend declared but not yet paid to holders of non-controlling interests	-	-	-	-	6,193

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTE 3:- SEGMENTS OF ACTIVITY

a. The Company operates in the following segments of activity:

1. The segment of life assurance and long term savings

The segment of life assurance and long term savings includes the lines of life assurance and is focused mainly on various insurance coverage such as: death, disability, disability income insurance, etc., as well as long-term savings (in the framework of various types of insurance policies)

2. Health insurance segment

The segment of health insurance includes medical expenses, personal accident, dread disease, travel abroad and more.

3. General insurance segment

The segment of general insurance includes the liability and property branches. Pursuant to the Regulator of Insurance's directives, the general insurance segment is detailed according to the lines of motor act, motor casco, property and others and other liability lines.

a. The motor act insurance line of business

The motor act insurance line of business focuses on coverages that their acquisition by the owner of the vehicle or the driver is compulsory by law and it provides a coverage for bodily injuries (to the driver of the vehicle, the passengers in the vehicle or to the pedestrians), as a result of the use of the motor vehicle.

b. The motor casco line of business

The motor casco line of business focuses on the property damage coverage for the insured vehicle and property damages that the insured vehicle will cause to a third party.

c. Property and other branches

The rest of the insurance lines of business that are not vehicle and liabilities mainly residential line.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

a. The Company operates in the following segments of activity: (Cont.)

3. General insurance segment (Cont.)

d. Other liabilities branches

Liabilities lines are designated for coverage of the policyholder liabilities in respect of damage he causes to a third party.

These lines include: third party liability, employers' liability and professional liability.

4. Granting of consumer credit segment

Including activities providing credit for the acquisition of vehicle (mostly second-hand), the granting of credit loans for any purpose and providing loans for special purposes in different businesses.

5. Investment property

Includes mainly the lease of office buildings in Israel, Canada, Poland and Belgium.

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

b. Hereunder are the results of the segments of activity:

	Six months ended as at June 30, 2017										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				Total
	Unaudited										
NIS in thousands											
INCOME											
Gross premiums earned	-	133,339	102,609	239,818	517,930	87,591	8,010	853,349	-	-	1,089,297
Premiums earned by reinsurers	-	15,435	4,907	15,775	1,148	15,825	582	33,330	-	-	53,672
Premiums earned on retention	-	117,904	97,702	224,043	516,782	71,766	7,428	820,019	-	-	1,035,625
Income from lease of properties	108,691	-	-	-	-	-	-	-	-	(3,125)	105,566
Increase in value of investment property and properties under construction, net	2,674	-	-	-	-	-	-	-	-	-	2,674
Net gains from investments and other finance income	6,220	4,105	703	14,914	4,626	862	421	20,823	55	13,155	45,061
Income from management fees	-	3,125	-	-	-	-	-	-	-	-	3,125
Income from grant of consumer credit	-	-	-	-	-	-	-	-	190,433	(32)	190,401
Income from reinsurance commissions	-	5,503	1,082	-	-	2,198	-	2,198	-	-	8,783
Company's share in losses of affiliate	-	-	-	-	-	-	-	-	-	(333)	(333)
Other income	-	-	-	-	-	-	-	-	80	89	169
Total income	117,585	130,637	99,487	238,957	521,408	74,826	7,849	843,040	190,568	9,754	1,391,071
EXPENSES											
Payments and change in liabilities in respect of gross insurance and investment contracts	-	66,992	39,338	222,090	388,951	40,133	5,734	656,908	-	(598)	762,640
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	8,212	3,795	21,208	63	3,186	303	24,760	-	-	36,767
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	58,780	35,543	200,882	388,888	36,947	5,431	632,148	-	(598)	725,873
Marketing and other acquisition expenses	-	22,029	24,954	28,215	59,712	11,160	1,356	100,443	67,030	(1,483)	212,973
Maintenance, general and administrative expenses	30,464	12,281	11,668	11,285	23,473	3,321	404	38,483	66,583	4,163	163,642
Financial expenses	59,426	41	-	-	-	29	-	29	17,534	25,229	102,259
Other expenses	-	-	-	-	-	-	-	-	-	329	329
Total expenses	89,890	93,131	72,165	240,382	472,073	51,457	7,191	771,103	151,147	27,640	1,205,076
Income (loss) before taxes on income	27,695	37,506	27,322	(1,425)	49,335	23,369	658	71,937	39,421	(17,886)	185,995

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

b. Hereunder is the breakdown of results of the segments of activity: (Cont.)

	Six months ended as at June 30, 2016										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				Total
	Unaudited										
	NIS in thousands										
INCOME											
Gross premiums earned	-	124,496	85,409	217,753	451,102	80,457	7,669	756,981	-	-	966,886
Premiums earned by reinsurers	-	13,748	5,128	10,081	1,136	15,107	582	26,906	-	-	45,782
Premiums earned on retention	-	110,748	80,281	207,672	449,966	65,350	7,087	730,075	-	-	921,104
Income from lease of properties	110,763	-	-	-	-	-	-	-	-	(3,128)	107,635
Increase in value of investment property and properties under construction, net	4,169	-	-	-	-	-	-	-	-	-	4,169
Investment income (losses), net and other finance income (expenses)	(8,208)	(29)	420	15,215	6,646	1,270	360	23,491	189	7,904	23,767
Income from management fees	-	3,312	-	-	-	-	-	-	-	-	3,312
Income from grant of consumer credit	-	-	-	-	-	-	-	-	131,772	(44)	131,728
Income from reinsurance commissions	-	5,853	815	-	-	2,295	-	2,295	-	-	8,963
Company's share in losses of affiliates	-	-	-	-	-	-	-	-	-	(333)	(333)
Other income	79	-	-	-	-	-	-	-	99	-	178
Total income	106,803	119,884	81,516	222,887	456,612	68,915	7,447	755,861	132,060	4,399	1,200,523
EXPENSES											
Payments and change in liabilities in respect of gross insurance and investment contracts	-	57,188	33,074	274,899	366,196	35,875	5,399	682,369	-	(601)	772,030
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	4,570	3,312	52,908	1,022	4,282	757	58,969	-	-	66,851
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	52,618	29,762	221,991	365,174	31,593	4,642	623,400	-	(601)	705,179
Marketing and other acquisition expenses	-	19,540	17,513	24,497	54,968	12,280	1,013	92,758	53,000	(1,489)	181,322
Maintenance, general and administrative expenses	30,192	10,701	9,830	11,380	21,586	3,148	509	36,623	36,370	3,393	127,109
Financial expenses	56,406	42	-	-	-	51	-	51	5,007	18,867	80,373
Other expenses	54	-	-	-	-	-	-	-	-	242	296
Total expenses	86,652	82,901	57,105	257,868	441,728	47,072	6,164	752,832	94,377	20,412	1,094,279
Income (loss) before taxes on income	20,151	36,983	24,411	(34,981)	14,884	21,843	1,283	3,029	37,683	(16,013)	106,244

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

b. Hereunder is the breakdown of results of the segments of activity: (Cont.)

	Three months ended as at June 30, 2017										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				Total
	Audited										
NIS in thousands											
INCOME											
Gross premiums earned	-	66,336	52,770	122,259	266,885	44,495	3,998	437,637	-	-	556,743
Premiums earned by reinsurers	-	7,860	2,467	7,993	572	7,807	290	16,662	-	-	26,989
Premiums earned on retention	-	58,476	50,303	114,266	266,313	36,688	3,708	420,975	-	-	529,754
Income from lease of properties	55,280	-	-	-	-	-	-	-	-	(1,567)	53,713
Increase in value of investment property and properties under construction, net	2,674	-	-	-	-	-	-	-	-	-	2,674
Net gains (losses) on investments and other finance income (expenses)	(1,021)	2,658	506	9,321	3,191	655	268	13,435	60	7,128	22,766
Income from management fees	-	1,552	-	-	-	-	-	-	-	-	1,552
Income from grant of consumer credit	-	-	-	-	-	-	-	-	102,591	(23)	102,568
Income from reinsurance commissions	-	2,545	454	-	-	969	-	969	-	-	3,968
Company's share in losses of affiliates	-	-	-	-	-	-	-	-	-	(333)	(333)
Other income	-	-	-	-	-	-	-	-	45	89	134
Total income	56,933	65,231	51,263	123,587	269,504	38,312	3,976	435,379	102,696	5,294	716,796
EXPENSES											
Payments and change in liabilities in respect of gross insurance and investment contracts	-	32,047	21,309	112,939	196,714	21,471	3,312	334,436	-	(306)	387,486
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	4,263	2,293	10,045	(7)	1,531	382	11,951	-	-	18,507
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	27,784	19,016	102,894	196,721	19,940	2,930	322,485	-	(306)	368,979
Marketing and other acquisition expenses	-	10,521	11,986	14,943	31,941	6,017	500	53,401	34,996	(759)	110,145
Maintenance, general and administrative expenses	14,714	6,187	5,866	5,211	11,532	1,662	149	18,554	33,644	2,747	81,712
Financial expenses	29,809	22	-	-	-	14	-	14	11,205	14,307	55,357
Other expenses	-	-	-	-	-	-	-	-	-	248	248
Total expenses	44,523	44,514	36,868	123,048	240,194	27,633	3,579	394,454	79,845	16,237	616,441
Income (loss) before taxes on income	12,410	20,717	14,395	539	29,310	10,679	397	40,925	22,851	(10,943)	100,355

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

b. Hereunder is the breakdown of results of the segments of activity: (Cont.)

	Three months ended as at June 30, 2016										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				
	Audited										
NIS in thousands											
INCOME											
Gross premiums earned	-	61,943	43,857	111,596	230,967	40,484	4,200	387,247	-	-	493,047
Premiums earned by reinsurers	-	6,988	2,529	5,132	593	7,500	291	13,516	-	-	23,033
Premiums earned on retention	-	54,955	41,328	106,464	230,374	32,984	3,909	373,731	-	-	470,014
Income from lease of properties	56,243	-	-	-	-	-	-	-	-	(1,554)	54,689
Increase in value of investment property and properties under construction, net	4,043	-	-	-	-	-	-	-	-	-	4,043
Net gains (losses) on investments and other finance income (expenses)	(1,235)	3,117	374	11,344	5,249	1,040	291	17,924	96	7,476	27,752
Income from management fees	-	1,617	-	-	-	-	-	-	-	-	1,617
Income from grant of consumer credit	-	-	-	-	-	-	-	-	66,331	(20)	66,311
Income from reinsurance commissions	-	2,356	392	-	-	1,068	-	1,068	-	-	3,816
Company's share in losses in affiliate	-	-	-	-	-	-	-	-	-	(333)	(333)
Other income	79	-	-	-	-	-	-	-	61	-	140
Total income	59,130	62,045	42,094	117,808	235,623	35,092	4,200	392,723	66,488	5,569	628,049
EXPENSES											
Payments and change in liabilities in respect of gross insurance and investment contracts	-	34,365	17,909	164,577	190,027	16,504	5,297	376,405	-	(303)	428,376
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	2,603	1,996	46,732	(1,447)	1,606	720	47,611	-	-	52,210
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	31,762	15,913	117,845	191,474	14,898	4,577	328,794	-	(303)	376,166
Marketing and other acquisition expenses	-	9,767	8,954	13,048	29,681	6,211	585	49,525	26,751	(750)	94,247
Maintenance, general and administrative expenses	15,384	5,247	4,864	6,222	9,918	1,263	233	17,636	18,822	1,688	63,641
Financial expenses	32,467	23	-	-	-	25	-	25	3,575	10,946	47,036
Other expenses	-	-	-	-	-	-	-	-	-	167	167
Total expenses	47,851	46,799	29,731	137,115	231,073	22,397	5,395	395,980	49,148	11,748	581,257
Income (loss) before taxes on income	11,279	15,246	12,363	(19,307)	4,550	12,695	(1,195)	(3,257)	17,340	(6,179)	46,792

CONDENSED INTERIM CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

NOTE 3:- SEGMENTS OF ACTIVITY (Cont.)

b. Hereunder is the breakdown of results of the segments of activity: (Cont.)

	Year ended as at December 31, 2016										
	Investment property	Life assurance and long term savings	Health insurance	General insurance				Consumer credit granted	Unallocated and offset in activities between segments	Total	
				Motor act	Motor casco	Property and others	Other liabilities				
	Audited										
NIS in thousands											
INCOME											
Gross premiums earned	-	253,801	182,756	450,256	950,271	165,372	16,579	1,582,478	-	-	2,019,035
Premiums earned by reinsurers	-	28,477	10,135	20,795	2,197	31,522	1,197	55,711	-	-	94,323
Premiums earned on retention	-	225,324	172,621	429,461	948,074	133,850	15,382	1,526,767	-	-	1,924,712
Income from lease of properties	221,497	-	-	-	-	-	-	-	-	(6,195)	215,302
Increase in value of investment property and properties under construction, net	22,437	-	-	-	-	-	-	-	-	-	22,437
Net gains on investments and other finance income	1,779	10,132	1,089	32,553	10,952	2,249	865	46,619	530	28,003	88,152
Income from management fees	-	6,513	-	-	-	-	-	-	-	-	6,513
Income from grant of consumer credit	-	-	-	-	-	-	-	-	294,684	(71)	294,613
Income from reinsurance commissions	-	12,192	1,758	-	-	3,654	-	3,654	-	-	17,604
Company's share in losses of affiliates	-	-	-	-	-	-	-	-	-	(1,333)	(1,333)
Other income	79	-	-	-	-	-	-	-	129	-	208
Total income	245,792	254,161	175,468	462,014	959,026	139,753	16,247	1,577,040	295,343	20,404	2,568,208
EXPENSES											
Payments and change in liabilities in respect of gross insurance and investment contracts	-	129,107	76,569	485,833	766,092	68,841	10,730	1,331,496	-	(1,206)	1,535,966
Reinsurers' share of payments and in change in liabilities in respect of insurance contracts	-	9,303	6,999	42,466	1,275	7,461	1,238	52,440	-	-	68,742
Payments and change in liabilities in respect of insurance contracts and investment contracts on retention	-	119,804	69,570	443,367	764,817	61,380	9,492	1,279,056	-	(1,206)	1,467,224
Marketing and other acquisition expenses	-	39,941	38,670	55,874	113,693	23,173	2,020	194,760	113,204	(2,993)	383,582
Maintenance, general and administrative expenses	59,238	22,309	21,006	22,668	44,376	6,905	831	74,780	83,069	6,886	267,288
Financial expenses	113,589	89	-	-	-	46	-	46	13,636	66,143	193,503
Other expenses	138	-	-	-	-	-	-	-	1	753	892
Total expenses	172,965	182,143	129,246	521,909	922,886	91,504	12,343	1,548,642	209,910	69,583	2,312,489
Income (loss) before taxes on income	72,827	72,018	46,222	(59,895)	36,140	48,249	3,904	28,398	85,433	(49,179)	255,719